



MEDICARE PART D The Prescription Drug Plan

Because so many PERSI retirees will be affected by upcoming changes to Medicare, this issue of PERSpectives is dedicated to the new prescription drug plan taking effect on January 1, 2006.

Patrice Perow, Editor

Starting in 2006, people with Medicare — Part A, Part B, or both — will have prescription drug coverage available to them. Although enrollment does not begin until November, it is important to learn about the plan so you can make informed decisions. Resources are listed at the end of this article.

Important Dates

Summer-Fall 2005: If you have retiree health benefits, you should receive information from your former employer or union about future drug coverage.

September-November 2005: Medigap/supplemental insurers that provide drug coverage will be sending out letters explaining options.

October 2005: All beneficiaries will receive a *Medicare and You 2006* handbook with information about the new drug plan. Beginning October 13, you can compare details of coverage options available in your area by visiting the Medicare Web site at www.medicare.gov or by calling 800-633-4227.

November 15, 2005: First open enrollment period begins. Enrollment is voluntary, but there will be a penalty in the form of a higher premium if you don't enroll by May 15, 2006.* The penalty will be 1 percent of the base premium per month for every month you were eligible, but did not enroll. The penalty is in place for as long as you are enrolled in the program. (*See exception on page 2.)

December 31, 2005: The temporary Medicare drug discount program ends; however, you can continue

to use your card until May 15, 2006, or until you sign up for a Medicare drug plan and coverage begins.

January 1, 2006: Drug coverage begins for those enrolled by December 31, 2005.

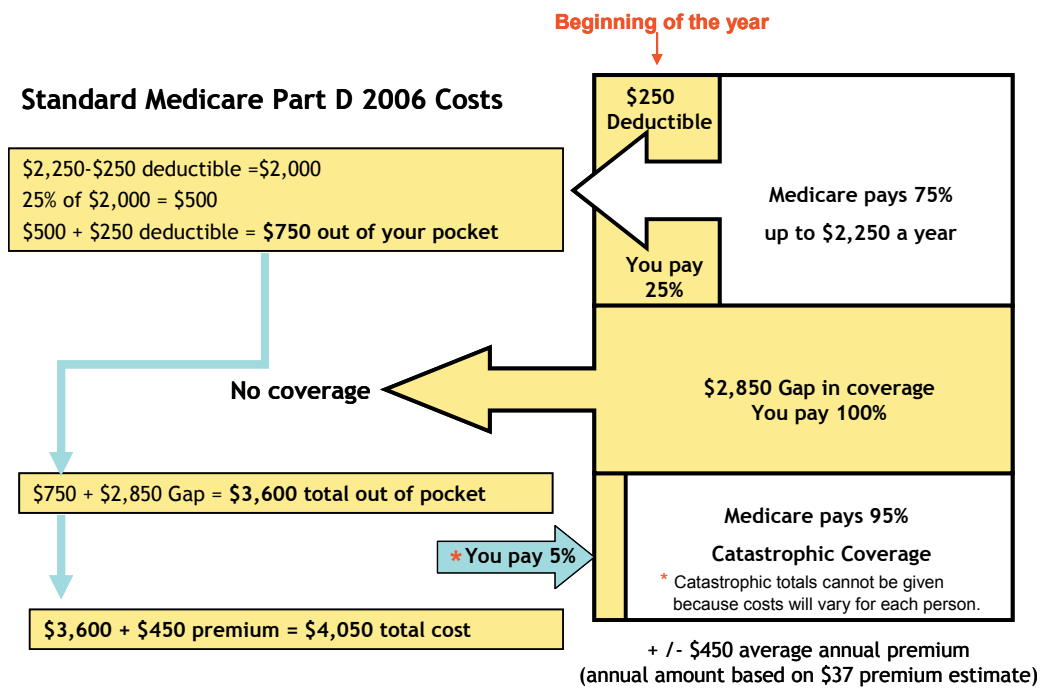
May 15, 2006: First open enrollment period ends.

What Will This Coverage Cost?

Costs will vary by plan. However, for minimum standard coverage in 2006, the monthly premium is estimated at \$37. This is in addition to the premium you currently pay for Part B coverage. The annual deductible will be \$250, after which you will pay 25 percent of the cost of drugs and Medicare will pay 75 percent up to \$2,250 a year. You will be responsible for 100 percent of all drug costs thereafter, until you have spent \$3,600 (equal to \$5,100 in annual costs for those with no other drug insurance). If you have drug expenses exceeding this amount, catastrophic coverage kicks in so Medicare pays 95 percent of your drug costs and you pay the remaining 5 percent. Confused? Perhaps the chart on the next page will help clarify the plan costs.

What About My Current Medicare-Approved Drug Discount Card?

Medicare Part D replaces the Medicare-approved drug discount card. It will no longer be available. However, if you already have a drug discount card, you may continue to use it until May 15, 2006, or until you enroll in a Part D plan.



Which Drugs Are Covered?

Medicare prescription coverage will pay for brand name and generic drugs. It will cover drugs only available by prescription including biologicals, insulin, and insulin-related supplies such as syringes. Non-prescription drugs and those excluded by law are not covered, nor are drugs covered under Medicare Part A or B (typically involves drugs dispensed at your doctor's office or as part of outpatient services). Each plan will be required to provide more than one drug in each classification. For example, not every cholesterol-lowering medication will be available through every plan; however, each plan must offer at least two choices.

What if I Have Other Coverage?

This fall you should receive a letter from your supplemental insurer explaining if your current coverage is *at least as good as* the Part D coverage. If you don't receive a letter, contact your insurer to find out about any changes. If you are presently covered by supplemental insurance with coverage at least as good as Part D and you do not enroll in the Medicare plan, you will not pay a penalty* for waiting. To encourage employer-sponsored plans to maintain drug coverage, Medicare will provide tax-free subsidies equal to 28 percent of costs between \$250 and \$5,000 in drug expenses per retiree to employers providing drug benefits at least equal to the standard Part D coverage.

What if I Have a Limited Income?

Medicare will provide premium and cost-sharing subsidies to assist people with limited incomes. Those who receive Medicaid benefits or Supplemental Security Income (SSI) are automatically eligible for assistance. Others will have to meet both an income and asset test to qualify. You may qualify for assistance if your income is less than \$14,355 or \$19,245 for a married couple living together, and your assets are less than \$11,500 if you are single or \$23,000 if you are married and living with your spouse. Your home is not included in the asset test, but things like savings and stocks are included. (The income levels provided here are for 2005 and the asset amounts are for 2006.) If you have already received a notice from Medicare saying you automatically qualify for help, you don't need to complete any paperwork. If you haven't been contacted, but think you qualify, call the Social Security Administration at 800-772-1213 for assistance in determining your eligibility and to obtain an application for assistance. The chart on the next page may help you understand costs and the eligibility groups.

What Does "Dual Eligible" Mean?

People entitled to Medicare Part A and/or Part B and who receive Medicaid benefits are referred to as *dual eligibles*. These folks will pay no premium or deductible, and will have no gap in insurance. They will pay \$1 for generic and \$3 for brand name prescriptions. These copays are waived for

people in nursing homes and/or long-term care facilities. Dual eligibles who do not enroll in a plan by December 31, 2005, will automatically be placed in a plan by Medicare. (Don't worry if this happens to you, because you will be allowed to switch.)

Find a Plan That Meets Your Needs

Each plan will offer different options. Since coverage will vary by plan, you'll need to compare plans carefully before making a decision. If you enroll in a plan and it changes, you must be given a 60-day notice of the change. Every plan will have an exception process, giving enrollees the opportunity to access medically necessary drugs that may not otherwise be offered. You might want to make a list of the names of your current

prescriptions, the dosage and frequency, and what you've been paying, to help you compare plans.

How Do I Join a Plan?

You can enroll directly with the plan sponsor or through Medicare. A friend, relative, or legal representative may assist you in the enrollment process. Start by gathering as much information as possible so you understand all the options before making your decision. Remember, enrollment is voluntary. After the initial enrollment period ends on May 15, 2006, there will be an annual open enrollment period from November 15 through December 15 each year. Once you enroll, you can only change plans during the annual open enrollment period.

Source: CMS

2006 Premium and Cost-Sharing Amounts

Limited Income Subsidy Levels	Monthly Premium	Annual Deductible	Copays
Full-benefit dual eligible; Income below 100% of Federal Poverty Level*. <i>Not in a nursing home or long-term care facility.</i>	\$0	\$0	\$1 – generic drugs \$3 – brand name drugs No copays after total drug costs reach \$5,100.
Full-benefit dual eligible; income above 100% of Federal Poverty Level. <i>Not in a nursing home or long-term care facility.</i>	\$0	\$0	\$2 – generic drugs \$5 – brand name drugs No copays after total drug costs reach \$5,100.
Income less than 135% of Federal Poverty Level, and with assets less than \$6,000 (individuals) or \$9,000 (couples).	\$0	\$0	\$2 – generic drugs \$5 – brand name drugs No copays after total drug costs reach \$5,100.
Income above 135% but below 150% of Federal Poverty Level, and with assets less than \$10,000 (individuals) or \$20,000 (couples).	Sliding scale up to \$37	\$250	15% of total costs up to \$5,100 catastrophic limit; thereafter: \$2 – generic drugs and \$5 – brand name drugs.
Full-benefit dual eligible in a nursing home or long-term care facility.	\$0	\$0	\$0
All others (non-subsidy eligible).	\$37	\$250	25% up to initial coverage limit; 100% up to \$3,600 out-of-pocket spending.

*2005 FPL: \$9,570 individual, \$12,830 for a married couple

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Things You Should Consider

Before making a decision, consider your situation. Do you have current health insurance coverage? Does it include prescription drugs? Will that plan be changing? Will it benefit you to keep existing coverage? If you drop current coverage, will it be difficult or impossible to get it back? What are your current costs for prescription drugs? What happens if you don't enroll this time around? Are you eligible for assistance?

What if I Need to Know More?

For more detailed information and/or to talk with a Medicare expert about your specific situation, visit the Medicare Web site at www.medicare.gov or call toll-free 800-633-4227. Organizations offering information about Medicare Part D are AARP (www.aarp.org), the Social Security Administration (www.ssa.gov), and the Centers for Medicare and Medicaid Services (www.cms.hhs.gov). Locally, you can contact the Senior Health Insurance Benefits Advisors (SHIBA) at the Idaho Department of Insurance: Boise 334-4353, Coeur d'Alene 666-6847, Twin Falls 736-4713, Pocatello 236-6044.

Sources: Medicare, Kaiser Family Foundation, Medco Health, AARP, the Social Security Administration, and the Centers for Medicare and Medicaid.



PERSI
P.O. BOX 83720
Boise, ID 83720-0078

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